

### Computation example

Tom lived in Washington until March 31, 2002. He became a California resident on April 1, 2002. Tom earned and received wages of \$15,000 in Washington while he was a Washington resident, and he earned wages of \$65,000 while he was a California resident. Tom also earned \$4,000 in interest income during 2002, \$1,000 while a resident of Washington and \$3,000 while a California resident.

Tom is single and had the following itemized deductions in 2002:

Real estate taxes:	\$ 1,200 (CA house)
	800 (WA house)
Mortgage interest:	17,000 (CA house)
	3,500 (WA house)
Charitable contributions:	<u>1,500</u> (NY Firefighters' Fund)
	\$24,000

#### Calculation of Tom's 2002 California Tax Liability:

CA AGI:	\$65,000 (CA wages)
	<u>+ 3,000</u> (Interest earned while a CA resident)
	\$68,000

Total AGI:	\$80,000 (Wages from all sources)
	<u>+ 4,000</u> (Interest income from all sources)
	\$84,000

CA Itemized Deductions:	\$24,000 (Total itemized deductions)
	<u>x .8095</u> (CA AGI ÷ Total AGI)
	\$19,428

CA Taxable Income:	\$68,000 (CA AGI)
	<u>- 19,428</u> (CA itemized deductions)
	\$48,572

Total Taxable Income (TI):	\$84,000 (Total AGI)
	<u>- 24,000</u> (Total itemized deductions)
	\$60,000

Tax on Total Taxable Income: \$ 3,733 (Tax table\*)

Prorated Tax:	\$48,572 (CA Taxable Income)
	<u>x .0622</u> (Tax on Total TI ÷ Total TI)
	\$ 3,021

❖❖Prorated Exemption Credit:	\$ 79 (Personal exemption credit*)
	<u>x .8095</u> (CA Taxable Income ÷ Total TI)
	\$ 64

Tax Liability:	\$ 3,021 (Prorated tax)
	= <u>64</u> (Prorated exemption credit)
	<u>\$ 2,957</u>

\*For purposes of this example, the 2001 Tax Table and personal exemption credit amounts have been used.

\*\*Even though, under Assembly Bill 1115, the proration of personal exemption credits was not really changed, since exemption credits are figured after the prorated tax, the new computation makes the proration more explicit.